

DOWN TOWN • FREDERICTON •

Annual Report 2023



ANNUAL REPORT 2023

TABLE OF **CONTENTS**

President's Message

Page 3

About Downtown Fredericton Inc.

Page 4

Board of Directors and Staff

Page 5

Programs

Pages 6

Retirement of DFI General Manager

Page 8

Year in Review

Page 9

Minutes from the 2023 Annual
General Meeting

Page 13

Audited Financial Statements
(December 31, 2023)

Page 17



PRESIDENT'S MESSAGE

For the past nine years, while on the Downtown Fredericton Board, I have seen many changes, most recently including onboarding a new Executive Director, Adam Peabody. As I leave the Board, I feel confident in where the organization is going and am excited to see what Adam, the Board and Staff accomplish over the coming years including a new strategic plan, new branding and other initiatives and programs to benefit the community.

I would like to thank Bruce McCormack for his 35 years of service to the organization and want to acknowledge the work he has done and the positive impact it has had on our business community.

In 2023, we were forced to push all levels of government to find a more appropriate and permanent location of a drop-in/warming centre, and thankfully as a result we've had a better winter in 2023/24. The addition of the Community Safety Services Unit who patrol downtown, the trails and the northside has also made a big difference in the state of our downtown, and I would like to thank the City for enacting this solution.

It is exciting to see the new Performing Arts Centre finally in the works and shovels in the ground – we appreciate the combined effort of the Playhouse board, Municipal, Provincial and Federal governments to identify the best location and work together to fund this important cultural project in the heart of our city.

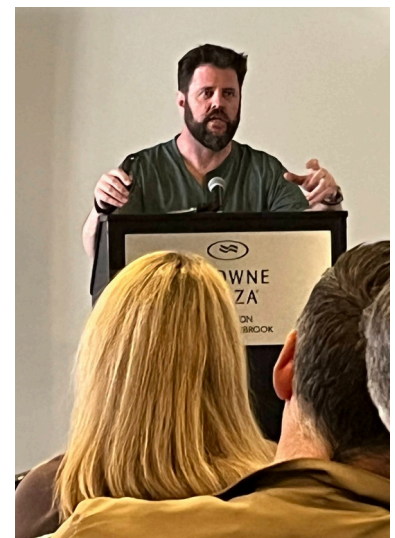
We are all looking forward to the re-opening of Officers' Square this summer – it was great to have Harvest back in the space last fall, and to

have the new skating surface up and running during the winter. This space contributes to the success of our businesses, bringing local and regional residents as well as visitors into the downtown for festivals, events and other programs and activities year-round.

We work in partnership consistently with the City of Fredericton, ensuring that businesses and the public have the best experience in our downtown from fixing uneven sidewalks to the selection, purchase and placement of garbage cans, benches, and holiday lighting to the purchase of public safety cameras. Every year this partnership gets better and better, looking at all aspects of our downtown, with one of the greatest accomplishments being increased communication about construction projects. There is still work to be done but we are making great progress.

As I leave the board and hand things over to a new board and President, I am happy with where things sit, and I encourage new businesses to get involved and be a part of bringing change for the betterment of the downtown business community.

Mike Babineau
President



ABOUT DOWNTOWN FREDERICTON

WHO WE ARE

Downtown Fredericton Inc. (DFI) is a non-profit Business Improvement Area dedicated to sustaining and encouraging growth in the central business district of Fredericton, New Brunswick. To do this we implement programs designed to revitalize, promote and enhance the commercial viability of the downtown on behalf of our 650 plus members in cooperation with private and public sector partners. Our goal is to create a vibrant downtown community, full of energy for you to enjoy.

ABOUT THE BIA

A Business Improvement Area (BIA for short) is a geographically defined urban area containing primarily non-residential properties generally located in a city's Central Business District. The BIA concept promotes a collaborative relationship between business and property owners, encouraging them to work together, creating a vibrant and thriving downtown. Downtown Fredericton Inc. was founded in 1980 and received its official BIA designation under the aegis of the Business Improvement Area Act in 1982.

MANAGEMENT AND FUNDING

Downtown Fredericton Inc. is governed by a volunteer Board of Directors comprised of up to ten elected members from the business community and one appointed member from City Council. Members of the Board are elected at the Annual General Meeting and all are property owners and tenants within the BIA boundaries. All members are eligible to vote at the AGM, make nominations to, and serve as a member of the Board of Directors.



DFI has three full-time staff that are responsible for day-to-day management of the organization and implementation of programs as directed by the Board of Directors. Part-time and seasonal staff are hired to assist in peak periods of activity.

The operating budget of DFI is funded solely by a Municipal Business Improvement Levy that is paid by all commercial properties within the boundaries of the BIA. This levy is based on a percentage of the property's assessed value and appears on the property tax bill. The rate for the DFI BIA is 20 cents per \$100.00 of assessed value.

OUR MEMBERS

Downtown Fredericton Inc. represents all commercial property owners and tenants in non-residential properties located within the BIA. Businesses and property owners are automatically members of DFI by virtue of their location within the defined boundaries of the BIA (from Government House to the Bill Thorpe Walking Bridge and from the Saint John River to the mid-block between Brunswick and George Streets including the entire blocks from Sunbury to St. John Streets).

Board of Directors and Staff 2023-2024

President

Mike Babineau

King West/RustiCo., Cora, The Palate

Vice President

Germaine Pataki-Therault

Gallery 78

Secretary/Treasurer

Marty Mockler

Property Owner

Staff

Bruce McCormack - General Manager

Retired, April 2024

Adam Peabody - Executive Director

adam@downtownfredericton.ca

506-260-6228

Vicki Stickles - Office Manager

vicki@downtownfredericton.ca

506-458-8922

Krista Rae - Marketing Officer

krista@downtownfredericton.ca

506-461-7484

Directors

Bernie Holland

Assante Wealth Management

Jennie Wilson

11th Mile

Alicia Tracy

Lulujo & Creative Juices

Patti Hollenberg

Chess Piece Patisserie

Sean Corscadden

Stewart McKelvey

Marley McLellan (resigned)

Porter O'Brien

Zach Atkinson

The Cap

Wes Ward

Graystone Brewing

Jason LeJeune

City of Fredericton

PROGRAMS

PLANNING AND DEVELOPMENT

Downtown Fredericton Inc. seeks input through member committees, and private and public stakeholder consultations to develop annual and long term goals for the organization. The plan is developed based on a community partnership approach, financial resources available and on priorities identified in the areas of administration, promotion, economic development, physical improvement, advocacy, business assistance and consultation services. The Board of Directors has final approval on recommended policies, programs and annual budget. The budget is then presented to City Council for final approval as part of the BIA mandate.

PROMOTION

Our primary goal is to promote the downtown to new and existing consumer markets as the preferred place to shop, dine, work, live, play, stay and do business. Our main strategy focuses on attracting people to the downtown by creating and promoting a vibrant environment, community and centre of activity. DFI offers grants for event organizers and also coordinates seasonal and year-round promotions and advertising campaigns that include co-operative advertising opportunities for downtown business members.

PHYSICAL IMPROVEMENTS

Programming designed to provide an attractive, safe, clean, and pedestrian friendly downtown include initiatives such as streetscape improvements and financial assistance for property owners and tenants for façade, security and parking improvements. Businesses that would like financial assistance with façade



can apply and if chosen, receive 50% of the total costs to a maximum of \$3500 per façade, maximum of two facades per building. DFI will cover 50% of the total costs of security improvements up to a maximum of \$3000.00 per property. DFI will cover 40% of the total costs of parking improvements up to a maximum of \$2500.00 per property

ECONOMIC DEVELOPMENT

DFI works in partnership with private developers, all levels of government and community agencies to develop strategies that seek to support and enhance the level of economic stability of the downtown core. Programs that work to provide an attractive and welcoming downtown set the stage for economic growth, raising property values which benefit everyone. Programming includes redevelopment projects, business retention, recruitment and expansion strategies, tourism development initiatives, grants for downtown festivals and special events.

PROGRAMS

ADVOCACY

Downtown Fredericton Inc. provides a unified "voice" for downtown businesses on issues and areas of concern affecting the downtown core, working to inform and generate awareness among government representatives, policy makers and staff. BIAs can also be very effective in advocating change at the public planning and policy development level when problem areas have been identified.



VISION STATEMENT

With its rich cultural history at its foundation, the City Centre will reflect Fredericton's status as a capital city and will be the vibrant heart of business, government, learning, social, cultural and tourism activities. It will build on its success and become a place defined by excellence in design, innovation and stewardship. It will be a place that inspires and excites both residents and visitors. Above all, it will be a unique place - a place that captures the essence of Fredericton and its values, a place that is both proud and welcoming to all.

RETIREMENT of DFI GENERAL MANAGER

Downtown Fredericton Inc. General Manager Bruce McCormack announced his retirement effective March 14, 2024. McCormack held the position for 35 years.

Under McCormack's leadership, numerous strategic developments have come to fruition, advocacy with all levels of government have benefitted both individual businesses and the whole downtown, and partnerships with the City of Fredericton as well as other agencies have ensured that planning for the future success of downtown Fredericton continues to be a top priority.

"I have always said downtowns generally are fragile, so many key elements must be aligned to create and sustain a strong and vibrant downtown. Developing strong strategic plans, receiving input from our members and the public and implementing those plans with support from our partners are all very important and it sends a clear message to investors/developers and business," remarked McCormack. "I have been very fortunate to benefit from the strong leadership of the 18 presidents I served under, our many devoted board members and our outstanding staff."

"Bruce has worked tirelessly for the downtown Fredericton business community, and the positive impacts from his advocacy, program development and promotion of the BIA have been instrumental to the continued successes we see in our downtown," said Mike Babineau, President of Downtown Fredericton Inc.'s board of directors. "His departure will leave big shoes to fill, but we are thankful for the great work he has done and wish him all the best in his retirement."



YEAR IN REVIEW - Partnerships



Public Safety Cameras

In partnership with the Fredericton Police Force, Downtown Fredericton contributed \$63,000 towards the purchase and installation of Public Safety Cameras in key locations downtown.

The cameras provide a digital tool for police, and it is anticipated they will have a positive effect on public safety and will act to deter crime.

The FPF hope to expand this project in the coming years with additional cameras.



Show Your Badge

Working with the Fredericton Convention Centre, Downtown Fredericton introduced a new meetings and conventions incentive program in 2023: Show Your Badge.

We invited interested businesses to provide an offer or discount that is exclusive to conference delegates, and which they would receive when they show their delegate badge at the participating business. Delegates access available deals via a page on the DFI website.

We are proud to say that 19 businesses participated in the inaugural year of this program.

Canada Games Dining Vouchers

In February and March, Crabbe Mountain hosted the Canada Games as a satellite location for a number of events.

Downtown Fredericton worked with Crabbe Mountain to offer downtown dining vouchers to family and friends of athletes. Most of these visitors were staying in Fredericton while their athletes competed, so we took the opportunity to welcome them and encourage them to explore Downtown Fredericton and our restaurants.



YEAR IN REVIEW - Festivals & Events

GALLERY HOP
October 5th, 2023
5pm-8pm
Free admission

| | |
|---|---|
| 1 Gallery on Queen 406 Queen St. | 2 George Fry Gallery 408 Queen St. |
| 3 The Artisan District 610 Queen St. | 4 Beaverbrook Art Gallery 703 Queen St. |
| 5 Gallery 78 796 Queen St. | 6 Charlotte Glencross Gallery, Penny Gallery Charlotte Street Arts Centre, 732 Charlotte St. |

DOWN TOWN Fredericton
Fredericton CAPITAL REGION
downtownfredericton.ca

Fredericton was host to numerous festivals and events in 2023, from Harvest Music Festival to the New Brunswick Highland Games and others.

Downtown Fredericton provides Festival & Event Grants annually to assist organizers with the cost of putting on their events, and to encourage activity for residents and visitors to enjoy.

In addition to the Festival & Events grants, we also sponsor the Spotlight Series at the Fredericton Playhouse and the Harvest Music Festival.

In 2023 we offered additional support to the New Brunswick Highland Games, who brought in Natalie McMaster and Donnell Leahy as their headlining act. Their performance was held on Carleton Street, and Downtown Fredericton provided financial assistance for a covered stage.

Three Gallery Hops were held in 2023. The Hops are free cultural events put on in partnership with the City of Fredericton and downtown galleries.



Each year during the Harvest Music Festival, we partner with the organizers to offer a business window decorating contest. This is a great show of support for the festival, and welcomes the public to the event in style!

All participating businesses receive a pair of tickets for a show, and the contest winner as well as a voting member of the public receives a Harvest Party Package.

YEAR IN REVIEW - Downtown Spectacular

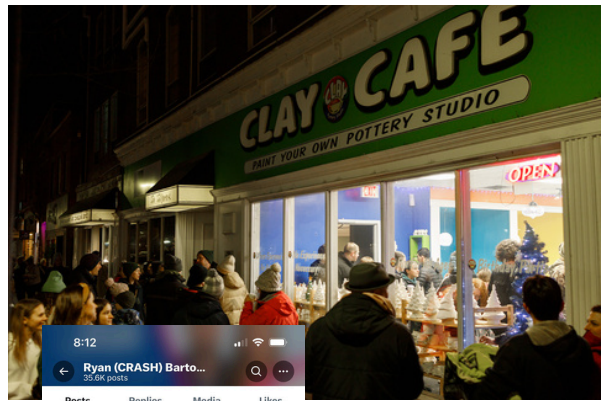


With a dual goal of providing a holiday shopping event and assisting to elevate the Mayor's Tree Lighting event, we partnered with the Mayor's Office, the Provincial Legislature and Elm City Events to create a new downtown event: the **Downtown Spectacular!**



The evening event included multiple activations throughout the event: Santa's Workshop Craft Zone at the Fredericton Convention Centre by Enrich Kids, Gingerbread Cookie Decorating at Gallery 78 with cookie kits provided by Chess Piece Patisserie and Cafe, Ornament Painting at Clay Café, a Winter Outdoor Beer Garden by Graystone Brewing in Barracks Square, Live local music & firepits in the Tannery, free painting at The Dandy Paint Lounge, the Legislature Tree Lighting and Mayor's Tree Lighting, plus a visit from Santa, music from Tony LePage, the Elm City Echoes and the Calithumpians, and over 25 businesses open for shopping throughout the evening!

The weather was perfect, and thousands came out, making for a Spectacular event!



DOWNTOWN Spectacular
December 1st
5:30 - 9:30pm

LEGEND

- Photo Opportunity
- Outdoor Fire Pit
- Live Music
- Mail your letters to Santa

| | |
|--|--|
| <p>1 5:30 - 7:00 PM Santa's Workshop Craft Zone Fredericton Convention Centre</p> <p>2 6:00 - 7:00 PM Legislative Tree Lighting Legislature</p> <p>3 7:30 PM Mayor's Tree Lighting Phoenix Square (City Hall)</p> <p>4 7:30 - 9:30 PM Gingerbread Cookie Decorating Gallery 78</p> | <p>5 7:30 - 9:30 PM Ornament Painting Clay Café & Simms Home Hardware Building Centre</p> <p>6 7:30 - 9:30 PM Winter Outdoor Beer Garden Barracks Square (close to queen street)</p> <p>7 7:30 - LATE Live local music & firepits The Tannery</p> <p>8 6:00 - 9:30 PM Free Painting Night Dandy Paint Lounge</p> |
|--|--|



YEAR IN REVIEW

With funding from Downtown New Brunswick, we were able to purchase **holiday lighting** for Regent St. This is the beginning of a multi-year project to light up downtown during the holidays, and which will proceed with a partnership with the City of Fredericton to add transformers to lamp posts for power access.

Downtown Dollar sales continued all year with sales to the general public, to businesses, organizations and conferences, for Fredericton Capital Region Tourism's "Dinner's On Us" hotel packages and with our annual Downtown Dollar Blowout in November.

For the year, we sold \$218,000 and redeemed \$213,500.



Improvement Program

Funding for 2023 included:
28 Facade Grants
9 Parking Lot Grants
10 Security Grants
Totaling \$80,542 in funding

Major infrastructure renewal continued on Regent Street, between King and George Streets.

There were numerous pain points for businesses in the affected area.

Below is an example of how this program positively impacts the downtown with before and after photos of a Morrison Holdings property.



ANNUAL GENERAL MEETING



DOWNTOWN FREDERICTON INC.

Wednesday, May 9th, 2023
Crowne Plaza Hotel

IN ATTENDANCE:

Jennie Wilson
Liz Fraser
Dawn Pottier
Arnold Chippin
Nadia Khoury
Julia Stewart
Tim Yerxa
Germaine Pataki-Theriault
Anna Mathis
Shane Sutherland
Eric Rendell
Ruth Chippin
Wes Ward
Mayor Kate Rogers
Christine Little
Barry Morrison
Dave Traboulsee
David Seabrook
Marty Mockler
Melanie Jones
Alicia Tracy
Marley McLellan
Mike Babineau

CALL TO ORDER AT 12:00PM

Bruce welcomed everyone to the AGM of DFI for 2023, introduced President, Mike Babineau.

Greetings from the City of Fredericton – Mayor Kate Rogers

Good afternoon everyone, it's wonderful to participate in the DFI meeting, you are all so important to our city. We continue to work together to make this a great city for everyone. It's more important than ever to make our downtown vibrant and thriving, we both have a common goal. The new performing arts centre of 72,000 square feet will be great for our downtown and will make a significant change to the downtown; and we also have a new provincial courthouse going up in the downtown. Having those professionals in the heart of our downtown will make for a thriving downtown. Additionally, the Officers' Square project continues and the work with archaeological services is complete. Harvest will be back on the grounds of Officers' Square this fall and the overall project to be completed in 2024. It will be a new and improved space for the city.

ANNUAL GENERAL MEETING

Spring has sprung, we have another construction season upon us. Council and staff have heard loud and clear about the impact of construction for downtown businesses, and so have now instituted meetings with businesses to keep them informed.

The challenges have been great with chronic homelessness, fewer people working in offices, not as many people shopping and dining, and it becomes really stark to see so many folks living on the streets. The Provincial government put a warming center in the heart of our downtown which had detrimental effects. We need our government to respond to these issues. We have worked together, and we have seen results. We were very clear that businesses need to be at the table when these decisions are being made. A new space should be on the outskirts of downtown. Please do not underestimate the power of your voice.

We have collaborated to put security cameras in place, this too will help. The city has made an investment to have a community safety unit, more feet on the ground monitoring what is happening. When you have a problem call the city police, they need to know what is happening.

There is so much hope and excitement for our downtown. We know the Provincial government funding for BIA's will be well spent with DFI. On behalf of Council and City Hall and the residents of Fredericton, thank you sincerely for what you do. Thank you for your partnership. We look forward to working along side of DFI to make all of our downtown dreams come true.

Bruce thanked Mayor Rogers for bringing greetings from the City of Fredericton.

Welcome to some of our past presidents in attendance today, including Dave Traboulee, Arnold Chippin, Marty Mockler and Wes Ward. Also welcome to Christine Little from the Chamber of Commerce and Fredericton Marathon.

Motion to approve minutes from 2022 Annual General Meeting for Downtown Fredericton Inc.

Moved by: Wes Ward

Seconded by: Marty Mockler

All in favour; motion carried.

Presentation of Audited Financial Statements - Melanie Jones, Nicholson & Beaumont Chartered Accountants

Melanie reviewed the statements, including the balance sheet and income statement and reviewed the notes pertaining to grants.

No questions on the financial statements were asked.

Bruce noted that grants included the ECMA's for last year, which was outside of normal funds granted. Also, salaries were higher than usual due to hiring 3 full time seasonal staff during the summer to help clean up the downtown and we also kept one seasonal employee on full time for the winter.

Motion to accept the 2022 financial statements as presented by Nicholson & Beaumont Chartered Accountants.

Moved by: Dave Traboulee

Seconded by: Shane Sutherland

All in favour; motion carried.

ANNUAL GENERAL MEETING

Bruce thanked Melanie for presenting the financial statements and for her work with Vicki on the audit.

President's Report - Mike Babineau

Today Mayor Rogers spoke in detail about things happening in the city right now, and we appreciate the acknowledgement of a need for increased communication for things like construction to try and make things smoother for the businesses. Fredericton has rebounded pretty well. Mayor Rogers touched on homeless people living rough in the downtown, Wes Ward and Matt Savage have been involved and helped out with the meeting with government to see how it is affecting the downtown businesses. We are all working together to make our downtown a clean and safe place for people. Thank you Mayor Rogers for working with us. Thank you to all business owners and anyone having a positive impact on our downtown for working together to make our downtown vibrant. Thank you everyone.

Presentation of the Façade Improvement

Award - This year's Façade improvement award is given to Morrison Holdings for the improvement to their property on the corner of Queen and York streets. Barry Morrison is present to accept the award.

Nomination Report - Bruce McCormack

Board members retiring: Shane Sutherland, Barry Morrison, Gabriel El Zayat

Directors remaining - Bernie Holland, Zach Atkinson, Wes Ward, Marty Mockler, Patti Hollenberg, Germaine Pataki-Therault

Appointed by City of Fredericton: Councilor Jason LeJeune.

Nominations for new board members: Jennie Wilson, Marley McLellan and Alicia Tracy

Call for nominations from the floor; asked 3 times, nominations ceased.

Motion to cease nominations

Moved by: Marty Mockler

Seconded by: Mike Babineau

All in favour; motion carried.

New board members accepted and welcomed.

Amendment to bylaw required to allow Mike Babineau to stay on one more year as president.

Delete: (Service as a Director prior to October 29, 1986, shall not be included in determining eligibility for election to the Board).

Add: Only on approval from the Board of Directors, and at a regular Directors meeting, the board may approve the sitting President to serve an additional one-year term.



ANNUAL GENERAL MEETING



from the province. This will be shared amongst all BIAs in New Brunswick for various projects, and will amount to around \$25,000 a year for each BIA.

DFI priorities:

Parking Garage
Performing Arts Centre
Officers' Square
Install Public Safety Cameras
Keep Downtown Clean
Community Safety Bylaw Officers
Strongly encourage the Mayor and Council to implement street upgrades as soon as possible

Invitation for members to provide feedback or discuss any matters of concern.

Thank you for participating in today's meeting, anyone can attend DFI board meetings and bring ideas.

Motion to adjourn meeting

Moved by: Marty Mockler

Seconded by: Mike Babineau

All in favor, motion carried.



Motion to accept change to by-laws
Moved by: Germaine Pataki-Therriault
Seconded by: Wes Ward
All in favour; motion carried.

General Manager's Report - Bruce McCormack

The new courthouse, old justice building, new performing arts centre, downtown residential infrastructure in our downtown were all highlighted. The renewal of Officers' Square is due to be re-opened in summer of 2024, which has not been used for events for four years, is greatly anticipated as it is a vital part of our downtown. The public safety cameras that have been installed in the downtown are high tech and will be used when required to help with security in our downtown. Modeled on Charlottetown which has 180 cameras. We will be coming out with a program for businesses to participate in purchasing more cameras. Community safety officers have been hired for the summer - it is a big job and will be a positive change for the downtown.

Mayor Rogers mentioned that Downtown New Brunswick has received \$500,000 in funding

AUDITED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT
Page 18

FINANCIAL STATEMENTS

Statement of Financial Position
Page 20

Statement of Changes In Net Assets
Page 21

Statement of Operations
Page 22

Statement of Cash Flows
Page 23

Notes To The Financial Statements
Page 24



NICHOLSON & BEAUMONT
 CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Directors of Downtown Fredericton Inc.:

Qualified Opinion

We have audited the accompanying financial statements of Downtown Fredericton Inc., which comprise the statement of financial position as at December 31, 2023 and the statements of operations, cash flows and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effect on the statement of financial position of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Downtown Fredericton Inc. as at December 31, 2023, and the results of its operations, for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

Downtown Fredericton Inc. sells Downtown Dollars which function similar to gift certificates and can be used at most downtown businesses. As at December 31, 2023 there was a liability for Downtown Dollars totalling \$257,180 which forms part of the accounts payable and accrued liabilities on the statement of financial position. We were unable to obtain sufficient appropriate audit evidence about the accuracy or completeness of the balance of the liability related to Downtown Dollars, consequently, we were unable to determine whether any adjustment to the liability and excess of revenue over expenditures was necessary.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Independent member of Porter Hétu International, professional services group.

● 328 King St, Fredericton, NB, E3B-5C2 ● Office - (506) 468-9816 Fax - (506) 469-7575 ● www.nicholsonbeaumont.com



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Fredericton, NB
May 7, 2024

Nicholson & Beaumont
Chartered Professional Accountants

Downtown Fredericton Inc.

Statement of Financial Position

As at December 31, 2023

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents | \$ 395,440 | \$ 434,470 |
| Cash - restricted | 116,901 | 106,778 |
| Accounts receivable | 84,130 | 53,044 |
| Prepaid expenses | <u>3,193</u> | <u>3,169</u> |
| | <u>599,664</u> | <u>597,461</u> |
| Long-term | | |
| Property and equipment - Note 5 | <u>71,429</u> | <u>42,131</u> |
| | <u>\$ 671,093</u> | <u>\$ 639,592</u> |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 279,851 | \$ 297,284 |
| Government remittances | <u>6,625</u> | <u>6,696</u> |
| | <u>286,476</u> | <u>303,980</u> |
| Long-term | | |
| Restricted Funds - Downtown New Brunswick - Note 5 | 16,000 | - |
| Severance obligation - Note 6 | <u>116,901</u> | <u>106,778</u> |
| | <u>132,901</u> | <u>106,778</u> |
| | <u>419,377</u> | <u>410,758</u> |
| Net assets | | |
| Unrestricted net assets - Page 4 | 63,386 | 79,925 |
| Invested in capital assets - Page 4 | 71,429 | 42,131 |
| Internally restricted net assets - Page 4 | <u>116,901</u> | <u>106,778</u> |
| | <u>251,716</u> | <u>228,834</u> |
| | <u>\$ 671,093</u> | <u>\$ 639,592</u> |

Commitments - Note 7

Approved by:

Director

Downtown Fredericton Inc.

Statement of Changes in Net Assets

For the Year Ended December 31, 2023

Statement of changes in net assets

| | <u>Invested in capital assets</u> | <u>Internally restricted</u> | <u>Unrestricted</u> | <u>2023</u> | <u>2022</u> |
|---|---------------------------------------|----------------------------------|---------------------|-------------------|-------------------|
| Balance, beginning of year | \$ - | \$ 106,778 | \$ 122,056 | \$ 228,834 | \$ 244,938 |
| Deficiency of revenues over expenditures | <u>71,429</u> | <u>10,123</u> | <u>(58,670)</u> | <u>22,882</u> | <u>(16,104)</u> |
| Balance, end of year | <u>\$ 71,429</u> | <u>\$ 116,901</u> | <u>\$ 63,386</u> | <u>\$ 251,716</u> | <u>\$ 228,834</u> |

Downtown Fredericton Inc.

Statement of Operations

For the Year Ended December 31, 2023

| | <u>2023</u> | <u>2022</u> |
|--|------------------|--------------------|
| Revenue | | |
| Business improvement area tax levy | \$ 749,419 | \$ 675,675 |
| Grants - City of Fredericton - Maintenance | 15,000 | - |
| Grants - City of Fredericton - Tourism | 10,000 | - |
| Grants - Downtown New Brunswick | 10,625 | - |
| Interest income | 39,383 | 11,005 |
| Miscellaneous income | <u>50</u> | <u>-</u> |
| | <u>824,477</u> | <u>686,680</u> |
| Expenditures | | |
| Amortization | 14,741 | 15,630 |
| Bank charges | 4,229 | 4,349 |
| Business development | 18,012 | 18,321 |
| Festival and special event grants - Schedule 2 | 45,048 | 37,205 |
| Grants - Schedule 1 | 83,343 | 69,489 |
| Maintenance | 19,567 | 28,043 |
| Marketing and communications - Note 3 | 103,318 | 94,032 |
| Occupancy and telephone | 31,878 | 30,418 |
| Office and postage | 20,733 | 21,107 |
| Professional fees | 13,261 | 5,683 |
| Salaries and benefits - Note 4 | 370,681 | 308,992 |
| Sponsorship | 26,217 | 26,217 |
| Streetscape | <u>50,567</u> | <u>43,298</u> |
| | <u>801,595</u> | <u>702,784</u> |
| Deficiency of revenues over expenditures | <u>\$ 22,882</u> | <u>\$ (16,104)</u> |

The notes to financial statements are an integral part of this statement.

Downtown Fredericton Inc.

Statement of Cash Flows

For the Year Ended December 31, 2023

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Increase (decrease) in cash and cash equivalents | | |
| Operating | | |
| Deficiency of revenues over expenditures | \$ 22,882 | \$ (16,104) |
| Amortization | <u>14,741</u> | <u>15,630</u> |
| | 37,623 | (474) |
| Changes in working capital | | |
| Accounts receivable | (31,086) | (7,719) |
| Severance obligation | 10,123 | 7,533 |
| Prepaid expense | (24) | 737 |
| Accounts payable and accrued liabilities | (17,433) | 30,253 |
| Government remittance | <u>(71)</u> | <u>1,044</u> |
| | <u>(868)</u> | <u>31,374</u> |
| Financing Activities | | |
| Invested in capital assets | <u>16,000</u> | <u>(30,000)</u> |
| Investing Activities | | |
| Purchase of property and equipment | <u>(44,039)</u> | <u>(4,516)</u> |
| Net increase (decrease) in cash and cash equivalents | (28,907) | (3,142) |
| Cash and cash equivalents - Beginning of year | <u>541,248</u> | <u>544,390</u> |
| Cash and cash equivalents - End of year | <u>\$ 512,341</u> | <u>\$ 541,248</u> |
| Cash consists of | | |
| Cash | \$ 395,440 | \$ 434,470 |
| Cash - restricted | <u>116,901</u> | <u>106,778</u> |
| | <u>\$ 512,341</u> | <u>\$ 541,248</u> |

Downtown Fredericton Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2023

1. Nature of operations

Downtown Fredericton Inc. ("the Organization") is incorporated under the New Brunswick Business Companies Act and its principal business activity is to create and foster, on behalf of downtown business, an environment that attracts people to shop, do business and be entertained downtown. It is exempt from federal and provincial corporate taxes under paragraph 149(1)(l) of The Income Tax Act of Canada.

2. Summary of significant accounting policies

The Organization applies the Canadian accounting standards for not-for-profit organizations.

Revenue recognition

The Organization derives the majority of its revenue through the Business improvement area levy which is 20 cents per \$100 of property assessment from all non-residential property owners in the defined area. This revenue is collected by the Province of New Brunswick through the property tax assessment process and, along with other revenue, is recorded on the accrual basis.

Property and equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is provided on either a straight line or declining balance basis over the estimated useful life of the asset.

The amortization rates used for each class of property and equipment are:

| | |
|--------------------------------|-----------------------|
| Office furniture and equipment | 20% Declining balance |
| Computer equipment | 55% Declining balance |
| Signs | 10% Declining balance |
| Banners | 25% Declining balance |
| Websites | 25% Declining balance |
| Poster boards | 10% Declining balance |

Cash and cash equivalents

Cash is defined as cash on hand, cash on deposit and short-term deposits with maturity dates of less than one year, net of cheques issued and outstanding at the reporting date.

Downtown Dollars

The Organization sells Downtown Dollars which function similar to gift certificates and can be used at most downtown businesses. Downtown Dollars do not have an expiration date and the Organization honours all Downtown Dollars redeemed by members. The Organization records a liability for unredeemed Downtown Dollars at the time they are sold, and the liability is reduced when the dollars are redeemed. An allowance is recorded for unredeemed Downtown Dollars based on management's best estimate.

Downtown Fredericton Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2023

2. Summary of significant accounting policies - continued

Financial instruments

Initial measurement

Upon initial measurement, the Organization's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets), except for investments which are measured at fair value. The difference between the cost base and fair market value of the investments is reported as unrealized gain/loss on investments in the statement of operations.

With respect to financial assets measured at amortized cost, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, in the expected timing or amount of future cash flows from the financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant estimates include useful life for property and equipment and the liability for Downtown Dollars. Actual results could differ from those estimates.

3. Marketing and communications

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|-------------------|------------------|
| General advertising and marketing | \$ 37,824 | \$ 38,704 |
| Seasonal promotions | 55,553 | 43,861 |
| Printing costs | 6,783 | 4,977 |
| Outside services | <u>3,158</u> | <u>6,490</u> |
| | <u>\$ 103,318</u> | <u>\$ 94,032</u> |

4. Salaries and benefits

| | <u>2023</u> | <u>2022</u> |
|-----------------------------|-------------------|-------------------|
| Salaries - full-time | \$ 327,780 | \$ 252,345 |
| Salaries - summer/part-time | - | 17,001 |
| Benefits | <u>42,901</u> | <u>39,646</u> |
| | <u>\$ 370,681</u> | <u>\$ 308,992</u> |

Downtown Fredericton Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2023

5. Property and equipment

| | <u>Cost</u> | <u>Accumulated amortization</u> | <u>Net book value</u> | |
|--------------------------------|-------------------|-------------------------------------|-----------------------|------------------|
| | | | <u>2023</u> | <u>2022</u> |
| Office furniture and equipment | \$ 131,931 | \$ 90,635 | \$ 41,296 | \$ 5,851 |
| Computer equipment | 46,910 | 46,331 | 579 | 1,286 |
| Signs | 20,452 | 18,216 | 2,236 | 2,484 |
| Banners | 112,782 | 89,750 | 23,032 | 26,796 |
| Website | <u>12,568</u> | <u>8,282</u> | <u>4,286</u> | <u>5,714</u> |
| | <u>\$ 324,643</u> | <u>\$ 253,214</u> | <u>\$ 71,429</u> | <u>\$ 42,131</u> |

Office furniture and equipment includes \$40,683 in equipment additions. \$20,000 was provided by Downtown New Brunswick in relation to this addition and is shown on the statement of changes in net asset under investment in capital assets and on the statement of financial position under restricted funds. It will be amortized into income per the same terms of the equipment (20% declining balance).

6. Severance obligation

Effective in 2011, the Board of Director's adopted a severance package model for its permanent salaried personnel. Under this arrangement, for every year of full-time service, personnel would receive one week equivalent of their regular gross wages. This applies to all eligible full-time staff members.

7. Commitments

The Organization leases operating premises under terms of a lease which was renewed in May 2023. The organization's annual gross rent obligation, under the current agreement, exclusive of occupancy costs, is \$21,600 plus HST.

8. Financial instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposures at December 31, 2023.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its accounts receivable. The entity provides credit to its clients in the normal course of its operations.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

There have been no significant change in exposures to the various risks from the prior year.

9. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

Downtown Fredericton Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2023

Schedule 1

Downtown Fredericton Inc. promotes the Facade, Security and Parking Lot Improvement Program to all Downtown Fredericton Inc. members. This funding program is administered and approved by the staff of the Organization and is intended to provide financial incentive and aid to property owners and tenants to improve the exterior appearance, security and private parking lot on the properties. The end result is a higher assessment to the property which directly benefits the Organization's budget. All outstanding receivables, including the Business Improvement Area Levy, must be up to date to be eligible for a grant under these programs.

| | | <u>2023</u> | <u>2022</u> |
|------------------------------------|------------------------|------------------|------------------|
| Facade | | | |
| 540 Restaurant & Bar | 540 Queen Street | \$ - | \$ 2,600 |
| 638953 NB Inc | 418 Queen Street | 4,000 | - |
| Andal Properties Ltd. | 349 King Street | - | 3,500 |
| Cardinal Investments Ltd. | 77 Westmorland Street | 20,000 | - |
| Chess Piece Patisserie & Cafe | 361 Queen Street | 1,680 | - |
| Chippin's Limited | 89 York Street | 4,000 | - |
| Daniel K. Glenn Ltd. | 248 Brunswick Street | 6,000 | - |
| Dolan's Pub | 349 King St | - | 1,191 |
| Elle Mio | 85 York St | - | 1,173 |
| Endeavours & ThinkPlay | 141 Brunswick Street | 5,288 | 2,933 |
| Fizzology Craft Soda | 150 Smythe Street | 2,011 | - |
| Gallery 78 | 796 Queen Street | - | 5,500 |
| Gallery on Queen | 406 Queen Street | 175 | - |
| Jason Cooling | | 2,150 | - |
| Klub Khrono Inc. | 375 King Street | - | 3,500 |
| Majestany Institute | 120 Westmorland Street | 5,436 | - |
| Morrison Holdings Ltd. | 346 Queen Street | - | 7,000 |
| Ninety-Nine Corporation | 459 King Street | - | 2,475 |
| O'Hickey's Irish Pub | 514 Queen Street | - | 2,750 |
| Radical Edge | 386 Queen Street | 4,644 | - |
| Robert Simmonds | 400 King Street | 1,050 | - |
| RustiCo./King West Brewing Company | 304 King Street | - | 3,500 |
| S/S Tire and Auto | 315 Brunswick Street | - | 3,500 |
| Savages Bicycle Center | 441 King Street | - | 3,500 |
| Savage Properties Ltd. | | 4,000 | - |
| The Cap | 362 Queen Street | 4,000 | - |
| The Ten Spot | 343 Queen Street | - | 2,250 |
| Viscount Kitchen | 440 King Street | 1,490 | - |
| | | <u>\$ 65,924</u> | <u>\$ 45,372</u> |

Downtown Fredericton Inc.

Notes to the Financial Statements

For the Year Ended December 31, 2023

| <u>Schedule 1 - continued</u> | | <u>2023</u> | <u>2022</u> |
|---|------------------------|------------------|------------------|
| Parking lot improvement | | | |
| Andal Properties Ltd. | 349 King Street | \$ - | \$ 2,500 |
| Cardinal Investments Ltd. | 77 Westmorland Street | 3,000 | - |
| Gramko Properties | 348 King Street | 2,500 | 2,500 |
| Luna Pizza | 91 York Street | 3,000 | - |
| Majestany Institute | 120 Westmorland Street | 1,095 | - |
| S/S Tire and Auto | 315 Brunswick Street | - | 550 |
| Taymax Corp | 400 King Street | - | 1,472 |
| The Radical Edge | 386 Queen Street | - | 750 |
| Urban Threadz | 103 Church Street | - | 2,500 |
| | | <u>\$ 9,595</u> | <u>\$ 10,272</u> |
| Security | | | |
| 638953 NB Inc. | 418 Queen Street | \$ - | \$ 1,926 |
| 699156 NB Inc. | 348 King Street | - | 4,107 |
| Endeavours, The Artist Shop | 141 Brunswick Street | 150 | - |
| Fredericton Region Museum | 571 Queen Street | - | 3,000 |
| Joseph Wilby Law | 57 Carleton Street | 1,546 | 1,665 |
| Moco | 100 Regent Street | 1,394 | - |
| Taymax Corp | 400 King Street | 1,155 | - |
| The Capital Bar | 362 Queen Street | - | 2,198 |
| The Real Estate Board of Fredericton | 544 Brunswick Street | - | 949 |
| Wilson Insurance Ltd. | 404 Queen Street | 778 | - |
| | | <u>\$ 5,023</u> | <u>\$ 13,845</u> |
| | | <u>\$ 80,542</u> | <u>\$ 69,489</u> |
| <u>Schedule 2</u> | | | |
| | | <u>2023</u> | <u>2022</u> |
| Festivals and special events | | | |
| Bard in the Barracks Inc. | | \$ 1,500 | \$ 1,200 |
| Broken Record Bar | | - | 600 |
| Calithumpians | | - | 10,000 |
| Capital Arts Support | | 12,848 | 2,500 |
| Caribbean Flava's | | - | 600 |
| Dimitris Souvlaki Restaurant | | - | 200 |
| East Coast Music Association | | - | 6,000 |
| Flourish Festival | | 2,000 | 2,000 |
| Fredericton Arts Alliance | | 1,200 | 1,200 |
| Fredericton Civic Pride Committee | | 2,000 | - |
| Fredericton Marathon | | 1,700 | 1,700 |
| Fredericton Outdoor Theatre | | 10,000 | - |
| Fredericton Region Museum | | 2,000 | - |
| Gallery 78 | | - | 305 |
| Gallery on Queen | | - | 600 |
| Hilton Garden Inn | | - | 400 |
| Multicultural Association of Fredericton Inc. | | 2,000 | 2,000 |
| NB Highland Games & Scottish Festival Inc. | | 2,500 | 2,500 |
| Nashwaaksis Kinsman Club | | 1,000 | - |
| New Brunswick Country Showcase | | - | 700 |
| Notable Acts | | 2,300 | 2,300 |
| Par 94 Golf | | - | 200 |
| Shivering Songs | | - | 1,000 |
| St. Louis Bar and Grill | | - | 600 |
| Sweltering Song | | 1,500 | - |
| The Topsy Muse Cafe | | - | 600 |
| The Tannery Series | | 2,500 | - |
| | | <u>\$ 45,048</u> | <u>\$ 37,205</u> |